



POWERTECH (USA) INC.

RICHARD E. BLUBAUGH
Vice President – Environmental
Health & Safety Resources

September 18, 2008

Department of Environment
And Natural Resources
Joe Foss Building, PMB 20220
523 East Capitol
Pierre, South Dakota 57501-3182

Attention: Eric Holm, E.I.T. - Natural Resources Project Engineer
Minerals and Mining Program

Re: Question 5 in department's letter dated September 08, 2008; New Proposed Permit Boundary Map;
and your September 16, 2008 E-mail comments.

Powertech (USA) Inc. reviewed the department's letter and has diligently committed efforts to addressing the items for request in order for the department to continue its review and deem Powertech's Uranium Exploration Permit procedurally complete. Attached to this letter are submitted the responses outlined in the department's letter dated September 08, 2008 and the E-mail dated September 16, 2008. Enclosed is a new proposed Permit Boundary Map to assist the department with the reviews of the Powertech Dewey-Burdock application submittals.

Powertech will conduct the uranium exploration operation according to the terms and conditions listed on the approved permit.

Thank you for working efficiently with Powertech in preparation of this permit application. Please contact me regarding any questions or comments you may have about Powertech's submittal of additional information.

Respectfully yours,

Richard E. Blubaugh
Vice President – Environmental
Health & Safety

Enclosures

cc: Jim Bonner

Frank Lichnovsky

Mark Hollenbeck

Max Main

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1. Soil Legend for Custer County: Please insert the attached soil legend for Custer County into Powertech's 30-hole Exploration Permit Application.
2. Water Well maps and corresponding table: Please see revised Water Well Maps and the Dewey Burdock Project Locations of Wells, Dams Mines & Springs. This is in answer to discrepancies found between map designations and table.
3. New Proposed Permit Boundary: Attached is a new proposed permit boundary map for the department's use in evaluating Powertech's Exploration Permit Application and the Scenic and Unique Application "Request for Determination of Special, Exceptional, Critical, or Unique Lands and Intent to Operate".
4. **SDCL 45-6d-29:**
 1. Surety will be posted once the department and Powertech have performed surety calculations and agreed upon an acceptable amount.
 2. Fee has been paid
 3. Described herein is information concerning results of scientific surveys conducted within Sections 2, 10, 11, 29, 30, 32; specifically what and if any cultural resources are located within the declared locations stated in this application (see Proposed Drill Areas Maps for Fall River and Custer Co.).

A Level III Cultural Resources Evaluation was conducted in the project area.

The determination upon review of archaeological data by section location of declared exploration area:

- Section 30 does not contain any eligible archaeological resources
- Section 29 does not contain any eligible archaeological resources. This proposed exploration area does contain a small unevaluated area.
- Section 32 does not contain any eligible archaeological resources. This proposed exploration area does contain a small unevaluated area.
- Section 10 does not contain any eligible archaeological resources
- Section 2 none
- Section 11 none

Protection by way of avoidance of archaeological sites was maintained during the first exploration phase of the project, and site avoidance is the continued goal during exploration activities. In the event that a new site is discovered, the site will be protected and the state archaeologist will be notified. Powertech has been working closely with the state of South Dakota's Archaeological Research Center, and will continue to do so throughout the life of this project. A copy of the Memorandum of Agreement (MOA) between Powertech and the State Archaeologist has been provided to the Department and is available for your review. Michael Fosha of the Archaeologist Research Center (ARC) has reviewed the results of the level III survey and is available for consultation on this subject.

4. **Productivity of watershed lands:** The proposed uranium exploration operation will not result in the loss or reduction of productivity. There is one non-functioning stock well in Section 11 within the proposed exploration area. Exploration drilling will not affect this well's water chemistry. There are no public or domestic water wells located within the designated proposed area of exploration. There are no significant agricultural areas located within the proposed exploration areas.
5. **T&E Wildlife:** No federally listed vertebrate species have been documented in the Dewey-Burdock proposed exploration area or permit area and 1-mile perimeter during the year-long survey period. The U.S. Fish and Wildlife Service issued a block-clearance for ferrets throughout the entire state of South Dakota in recent years, including the Dewey-Burdock survey area in extreme southwestern Custer County and northwestern Fall River County.
No federally listed avian species are located within the declared locations of exploration proposed in this permit application. The state of South Dakota has only one federally listed threatened plant

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species, the Western Prairie Fringed Orchid (*Platanthera praeclara*). The results of the field surveys in 2007 and 2008 found no individuals of the Western Prairie Fringed Orchid within or adjacent to the Dewey-Burdock Uranium Project area. Additionally, no potential habitat for the Western Prairie Fringed Orchid was found within or adjacent to the Dewey-Burdock Uranium Project area. The results of the field surveys in 2007 and 2008 also found none of the sensitive species or species of local concern within or adjacent to the Dewey-Burdock uranium exploration area.